

# SENATE BILL REPORT

## SB 5918

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As Reported By Senate Committee On:  
International Trade & Economic Development, February 17, 2005

**Title:** An act relating to economic development tax credits for employee training.

**Brief Description:** Providing economic development tax credits for employee training.

**Sponsors:** Senators Shin, Schmidt, Berkey, Kastama, Pflug, Rockefeller, Doumit, Esser, Kohl-Welles, Delvin, Jacobsen and Rasmussen.

**Brief History:**

**Committee Activity:** International Trade & Economic Development: 1/15/05, 2/17/05[DP-WM].

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### SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Shin, Chair; Sheldon, Vice Chair; Pflug, Ranking Minority Member; Doumit, Eide and Roach.

**Staff:** Jack Brummel (786-7428)

**Background:** A 2003 survey by the Workforce Training and Education Coordinating Board found that 45 percent of employers attempting to hire had difficulty finding qualified job applicants in the previous 12 months. More than 67 percent of employers who tried to find job applicants with a vocational degree or certificate from a community or technical college or private career school had difficulty finding such workers. The board found that employers believe that skill shortages are hurting the economy by limiting business expansion, lowering productivity, and reducing product quality, yet businesses often lack the incentives and resources to provide training.

**Summary of Bill:** Employers with 500 or fewer employees may take a credit against the state's business and occupation tax or public utility tax of 60 percent of their qualified training costs in rural counties or 40 percent of their training costs in non-rural counties, up to \$250,000 per calendar year. Qualifying costs are those that exceed the person's average annual training expenditures over the preceding three years. No credits are awarded for training costs greater than \$5,000 per employee.

To receive the credit the employer must have a training contract with an accredited and licensed public or private training institution to train at least five people, which may include employees from other firms.

The tax credits are available in the order applications are received up to a maximum of \$10 million per biennium. Firms in rural counties may not receive this credit if they take a training credit available under another provision of state law.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** July 1, 2005.

**Testimony For:** The Job Skills program does not have enough funds to meet the needs for incumbent worker training in the state. This bill covers front line employees where the need for new skills is greatest. This training helps lower employer turnover and increase productivity.

**Testimony Against:** None.

**Who Testified:** PRO: Mike Hudson, AWB; John Vicklund, WA Manufacturing Service; Carolyn Cummins, State Board for Community and Technical Colleges; Ellen O'Brien Saunders, Workforce Training and Education Coordinating Board.